Macroeonomics II

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Overview: This course is the second part of the first year macroeconomics sequence. The goal of course is to equip students with basic modeling skills in dynamic general equilibrium models. The contents covered include the following: the Neoclassical growth model, models with endogenous growth, consumption theory and incomplete market models, search and matching models, and overlapping generation models.

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Organization: The class meets on Tuesday from 3:10 to 6:00 pm in TBA. I will hold weekly office hours on Tuesday from 11:00 am to 12:00 pm. You can also make an appointment by email. Ling Wang will serve as the teaching assistant. Her email is *lwang2018@nsd.pku.edu.cn*.

Grading: Your overall performance will be assessed based on (i) problem sets (counting 30%), (ii) a mid-term exam (30%), and (iii) a final exam (40%)

Textbooks: The following three books are recommended, though we will not strictly follow them.

- Stokey, Nancy and Robert E. Lucas. Jr., with Edward Prescott (1989), "Recursive Methods in Economic Dynamics"

- Ljungqvist, Lars and Thomas J. Sargent (2012), "Recursive Macroeconomic Theory"

- Acemoglu, Daron (2009), "Introduction to Modern Economic Growth"

Syllabus:

1. Neoclassical growth models

    - introduction and setup
    - steady state and transition dynamics
    - competitive equilibrium and efficiency
    - endogenous growth
        - growth model in continuous time

- – endogenous growth models
    - ∗ Romer (1990), Aghion and Howitt (1992)
- growth models with multi-sectors
    - – Kongsamut, Rebelo, Xie (2001), Ngai and Pissarides (2007)
- Introduction to OLG model

2. Consumption theory and Heterogeneity in macroeconomics

- permanent income hypothesis
- precautionary saving and income fluctuation problems
- incomplete market models
    - – Hugget (1993), Aiyagari (1994)
- firm dynamics models with entry and exit
    - – Hopenhayn (1992)

3. Introduction to search and matching models

- search models
- discrete time matching models
- matching models in continuous time and uncertainty